SUPREME COURT, U. S.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

NO. 74-1638

LAYNE-NEW YORK COMPANY, INC.,
Petitioner,
v.
ALLIED ASPHALT COMPANY, INC.,
B. H. MOTT & SONS, INC., and COMMONWEALTH
OF PENNSYLVANIA,
Respondents.

BRIEF IN OPPOSITION TO THE PETITION

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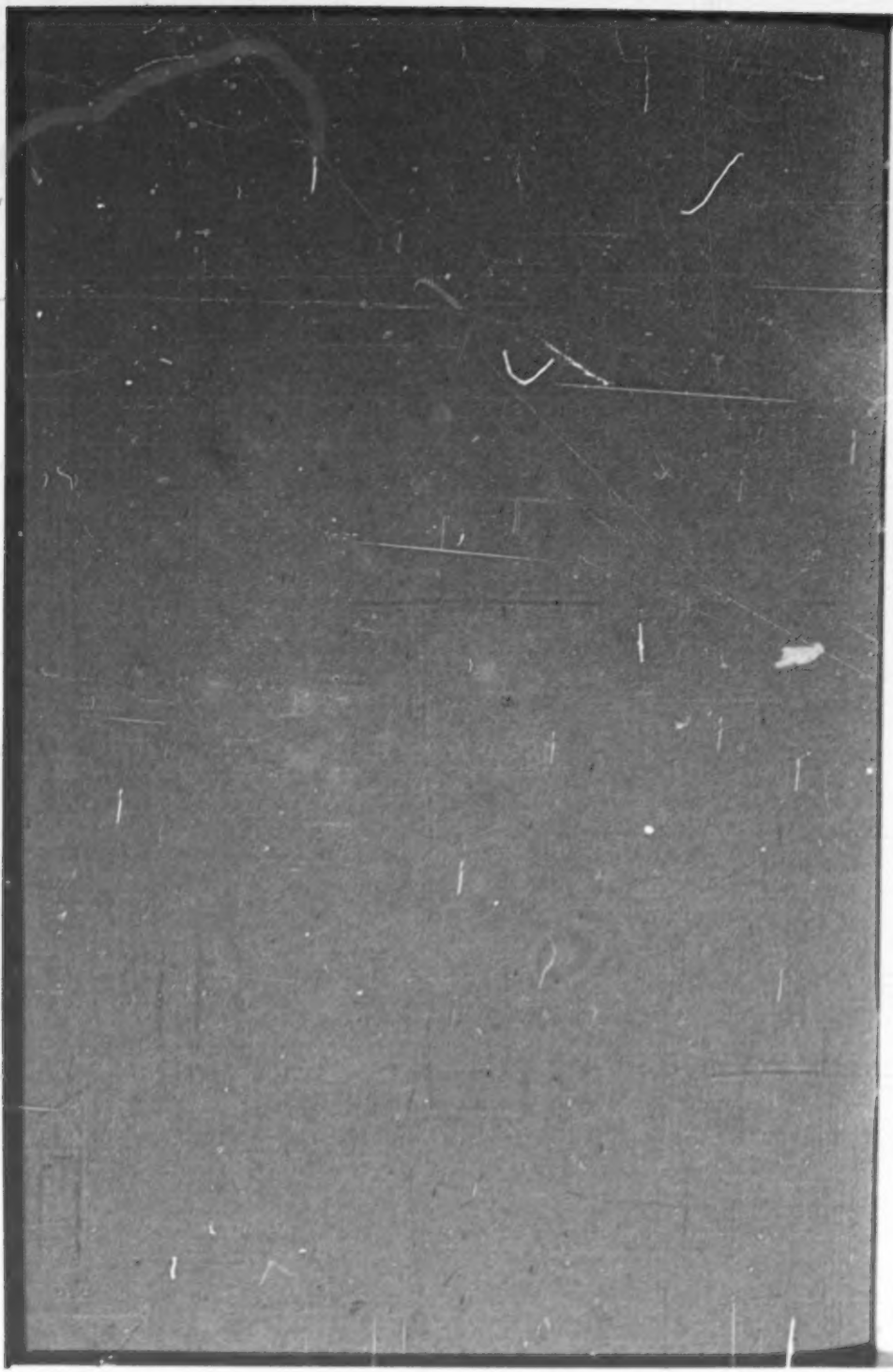

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

NO. 74-1038

LAYNE-NEW YORK COMPANY, INC., *Petitioner,*

v.

ALLIED ASPHALT COMPANY, INC., B. H. MOTT & SONS, INC., and COMMONWEALTH OF PENNSYLVANIA, *Respondents.*

BRIEF IN OPPOSITION TO THE PETITION

COUNTERSTATEMENT OF THE CASE

1. Summary Statement

This is an ordinary action for patent infringement. The Third Circuit decision which petitioner now seeks to have reviewed [1a]* decides no question of public importance but only that petitioner's patent is invalid in view of pertinent prior art which was not made known to or considered by the Patent Office when petitioner's patent application was pending.

Petitioner's Question One is a contrived one which is not supported by the record. The only issue dealt with by the court of appeals here was whether the single claim of petitioner's patent which the jury found valid could be sustained over undisputed evidence of prior art which shows that the patent is invalid as a matter of law.

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*Citations in the form [.....a] are to pages of the Appendix bound with the Petition.

Petitioner's Question Two is likewise contrived. The court of appeals did no more than to hold that petitioner's patent could not be sustained in view of documented prior art showing that the patent is invalid because there are only inconsequential differences from the prior art. In doing so, the court of appeals followed numerous decisions of this Court and the court of appeals applying a constitutional standard to the issue of patent validity.

Petitioner's Question Three likewise does not fairly arise on this record. The court of appeals did no more than to hold that in view of indisputable documentary evidence of prior art, petitioner's patent must be held invalid.

2. The Subject Matter of the Action

Coal mining has been carried on in the Commonwealth of Pennsylvania for many years. In more recent years, mining operations have been stringently regulated, especially as to environmental matters, but many earlier mines were simply abandoned and in some cases became a source of stream pollution. In many instances the responsible party was unknown or had ceased to exist (Tr. 203-06).*

In 1965 the Pennsylvania Legislature enacted legislation authorizing and directing agencies of the Commonwealth to search out and identify abandoned mine workings which were discharging mine water into streams (Tr. 206). In the spring of 1967, voters of the Commonwealth authorized a large public bond issue which provided funds for actual mine sealing construction (Tr. 210).

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*References to the trial transcript are by page number, thus (Tr.....).

Counterstatement of the Case.

Gwin Engineers, Inc., a firm of consulting engineers in Altoona, Pennsylvania, was engaged by the Commonwealth to prepare plans for sealing numerous abandoned mine workings at Moraine State Park then being constructed by the Commonwealth in Butler County, Pennsylvania. By the end of 1967, Gwin and John Foreman, Gwin's principal engineer on the project, had reached a firm conclusion to install watertight bulkheads in the abandoned mine tunnels (Tr. 210-12; 214; 283-84). Foreman studied various possible techniques including open cut construction and also drilling from the surface and introducing concrete through the drill holes (Tr. 284-86).

Petitioner Layne-New York is engaged in core drilling and in pumping a thin watery concrete—known as "grout"—into underground rock formations to seal fissures and cavities. Early in January, 1968, representatives of petitioner including Richard Reinhold, the patentee, were at Gwin's office in Altoona to discuss a drilling and grouting job unrelated to the mine sealing project, but there was also discussion of the project going forward at Moraine State Park (Tr. 28-38). Reinhold suggested that mine seals be constructed using procedures like those which petitioner had used several years earlier when the General State Authority of the Commonwealth constructed a new dormitory at California (Pennsylvania) State College. The construction site was over an abandoned mine and subject to subsidence. The engineers for the Commonwealth specified that the mine roof be supported against subsidence by (i) drilling holes into the mine from the surface, (ii) introducing gravel through the drill holes to extend from

the floor to the roof of the mine, and (iii) grouting the gravel by introducing grout through the drill holes (Tr. 33-34; 531; 537).

In the January, 1968, meeting at Gwin's office, Reinhold proposed to Foreman that the mine seals be constructed by following the same construction practices. Specifically, Reinhold proposed constructing the mine seals by (i) drilling a series of holes transversely across the mine entry, (ii) introducing gravel into the holes until it extended from floor to ceiling across the width of the mine entry, and (iii) grouting the gravel through the drill holes (Tr. 37).*

Foreman rejected Reinhold's proposal as inadequate and continued to insist upon a concrete plug in the mine (Tr. 352-54). Reinhold then suggested the construction of *two* spaced apart grouted gravel bulkheads with "the concrete center plug, the plug that you [Foreman] want to use in the middle" (Tr. 353, 453-54). Claim 1 of the patent [62a] is specific to that arrangement, and thus incorporates the suggestions of both Reinhold and Foreman.

Reinhold filed his patent application on August 14, 1968. He described the construction techniques which had been specified for the California State College job several years earlier. He said, however, that those techniques were part of his invention [55a; 57-59a], and he failed to inform the Patent Office that the techniques had been used by him and petitioner several years earlier in following the Commonwealth's specifications. Rein-

*Reinhold's proposal to Foreman is the exact process set forth in claim 7 of the Reinhold Patent [63a]. The jury found claim 7 invalid, and petitioner did not appeal or dispute that finding in any respect.

hold also failed to inform the Patent Office that it was Foreman who had insisted on use of a concrete plug in the mine entry.

The patent drawings were prepared from the drawings of Gwin Engineers (Tr. 118). No drawing or other contemporaneous document by Reinhold has ever been produced (Tr. 114-17; 525). In a petition to make special and expedite issue of the patent, Reinhold cited to the Patent Office a British publication which described placement of a concrete plug (for subjacent support) by first constructing barrier walls in the mine entries, by then introducing gravel into the mine entries from the surface, and finally by grouting the intervening void. Reinhold represented to the Patent Office that the British publication was deficient because it did not disclose filling the interstices of the gravel with grout (Tr. 195-96). He failed to disclose, however, that the concept was an old one which had been supplied to petitioner when it did the California State College job in 1966-67 and had been known for some years before that (Tr. 145-47). The Patent Office Examiner responded with a notice of allowance, and the Reinhold patent issued on September 30, 1969.

3. The History of These Actions

In furtherance of the 1967 bond issue *supra*, pp. 2-3, Foreman prepared specifications for mine sealing based primarily upon the specifications for the California State College job (Tr. 465-66). Thereafter, contracts were awarded to respondents B. H. Mott & Sons, Inc., and Allied Asphalt Company, Inc., to seal mines at different points in western Pennsylvania following the specifications which had been developed by Foreman. On August 14, 1970, petitioner filed two identical complaints against respondents Allied and Mott charging them with infringement of the Reinhold patent by following the Commonwealth's specifications. The Commonwealth thereupon intervened.

The two actions were consolidated for trial upon the issues of validity and inequitable conduct of the patentee before the Patent Office. Infringement is disputed and that issue is untried. In response to special interrogatories, the jury returned a verdict [38-39a] in which it found that Reinhold was not a sole inventor; that Foreman was a joint inventor with Reinhold; that petitioner and Reinhold did not engage in any inequitable conduct before the Patent Office; that claim 1 of the Reinhold Patent is valid; and that claim 7 is invalid. The complaints were then dismissed for lack of an indispensable party plaintiff in the person of Foreman or the Commonwealth as his assignee [40-41a].

On motion for Judgment N.O.V., the district court held that because Foreman denied that an invention had been made by anyone, he could not be a joint inventor if the patent were found valid [31-34a]. Accordingly, the judgment of dismissal was vacated and the actions were reinstated for further proceedings on the issue of in-

fringement by Allied and Mott [36-37a]. Interlocutory appeals were then taken pursuant to 28 U.S.C. §1292(b).

The court of appeals reviewed the indisputable and documented prior art and reversed, holding the patent invalid for obviousness. The court of appeals did not pass upon the issues of joint invention, or inequitable conduct before the Patent Office; and the issues of non-infringement became moot by the court of appeals decision.

ARGUMENT

— I —

(1) The decision sought to be reviewed [1a] decides no question of public importance. It does not state any new rule of law but simply applies settled rules of law to the undisputed and dispositive facts of these particular actions, *supra,* p. 7. The decision below affects no interest beyond that of the parties to the action.

(2) PETITIONER'S QUESTION ONE is a contrived one which does not arise from the record. The court of appeals simply looked to documentary proofs of prior art. These proofs are not the subject of conflicting testimony but were fully documented and unimpeachable. Those proofs are fully dispositive of the claim of invention, and the court of appeals rightly relied upon them in holding petitioner's patent invalid. In doing so, the court of appeals followed a procedure repeatedly followed by this Court: *Graham v. John Deere Co.,* (1966) 383 U.S. 1, 36-37; *A&P Tea Co. v. Supermarket Corp.,* (1950) 340 U.S. 147, 153; *Lincoln Co. v. Stewart-Warner Corp.,* (1938) 303 U.S. 545, 552.

Petitioner confuses a jury's findings of evidentary fact made by resolving conflicting evidence with an ultimate holding of patent invalidity based upon dispositive evidence in the record. It is immaterial that there may be evidence which tends to support the jury's verdict if there is other undisputed evidence in the record which conclusively shows that the verdict is erroneous. The court of appeals here relied upon the dispositive evidence showing that the verdict was erroneous. In doing so it followed settled law which was well stated in its earlier decision in *Packwood v. Briggs & Stratton Corp.,* (C.A. 3,

1952) 195 F.2d 971, 973; cert. den. 344 U.S. 844; reh. den. 344 U.S. 882:

> "A jury in a patent case is not free to treat invention as a concept broad enough to include whatever discovery or novelty may impress the jurors favorably. Over the years the courts of the United States, and particularly the Supreme Court, have found meaning implicit in the scheme and purpose of the patent laws which aids in the construction of their general language. In this process, rules and standards have been developed for use as guides to the systematic and orderly definition and application of such a conception as invention in accordance with what the courts understand to be the true meaning of the Constitution and the patent laws. Once such standards and rules are authoritatively announced any finding of 'invention' whether by a court or a jury must be consistent with them."

The decisions of the Third Circuit and other courts of appeals are consistent with one another in this field and are consistent with decisions of this Court from *Hailes v. Van Wormer,* (1874) 20 Wallace 353, through *Powers-Kennedy Co. v. Concrete Co.,* (1930) 282 U.S. 175, to *Anderson's-Black Rock, Inc. v. Pavement,* (1969) 396 U.S. 57, and *Gottschalk v. Benson,* (1972) 409 U.S. 63.

(3) PETITIONER'S QUESTION TWO is also a contrived one not fairly presented by the record. The court of appeals did no more than to hold the patent invalid in view of prior art which was not made known to the Patent Office.

Argument.

The ultimate questions of obviousness and patent validity are ones that have been and necessarily must be reviewed by the courts. This is required because "The patent standard is basically constitutional". *Anderson's-Black Rock Inc. v. Pavement Co.,* (1969) 396 U.S. 57, 61. See also *A&P Tea Co. v. Supermarket Corp.* (1950) 340 U.S. 147, 155 (concurring opinion). The court of appeals reviewed the patent in suit [5a] and it reviewed the scope and content of the prior art [5-6a] which also shows the level of ordinary skill in the art. After noting that significant prior art had not been brought to the attention of the Patent Office, the court of appeals held that the patent was invalid due to obviousness [6a]. The ultimate holding in the opinion below is consonant with and follows this court's opinion in *Graham v. John Deere Co., supra,* 383 U.S. 1, 37.

Petitioner asserts that there is a conflict between the Fifth and Ninth Circuits on the one hand and the Fourth and Tenth Circuits on the other. But petitioner fails to distinguish between underlying factual inquiries and the ultimate legal issue of validity. This Court has repeatedly viewed the issues of validity and obviousness as matters of law to be determined by the court, cases *supra.* The decision sought to be reviewed is consistent; and so also are the cited decisions in the Fifth and Ninth Circuits.

The decisional law in the Fourth and Tenth Circuits is likewise consistent. In *Mahaffey and Harder Eng. Co. v. Standard Packaging Corp.,* (C.A. 4, 1968) 389 F.2d 525, the court (affirming) specifically held that the prior art rendered the claimed invention obvious (389 F.2d at 530). Moreover, the same panel of the Fourth Circuit later held that the ultimate issue of validity is one of

law and approved taking a case from the jury where the evidence required that the patent in suit be held invalid, *Tights, Inc. v. Stanley,* (C.A. 4, 1971) 441 F.2d 336, 339-40; cert. den. (1971) 404 U.S. 852.

Petitioner also cites *Moore v. Schultz,* (C.A. 10, 1974) 491 F.2d 294, cert. den. (1974) 43 L.W. 3234. In a subsequent case, the Tenth Circuit (including one member of the former panel) referred to underlying factual matters mandated by *Graham v. John Deere Co.* and stated:

> "Whether in the light of these factual matters the patent is obvious then becomes a matter of law", *Price v. Lake Sales Supply R. M., Inc.,* (C.A. 10, 1974) ..... F.2d ....., 183 USPQ 519, 521.

It is clear, therefore, that the uniform course of decision in this Court and in the courts of appeals has been to treat the ultimate issues of patent validity as matters of law to be resolved by the courts. No conflict of circuits is presented.

(3) PETITIONER'S QUESTION THREE is not fairly presented by this record. The prior art showed that it was old to drill holes into an abandoned mine, to introduce aggregate into the mine in the form of a wall, to grout the aggregate, and to fill the adjacent void with grout. Petitioner claims nothing more. Stating the case most favorably to petitioner, Reinhold discovered that the old process previously used to give subjacent support was also effective to stop flow of water in the mine. Even on that theory, there was no new process, and there was no new use of an old process since the prior art constructions stopped water flow just as effectively as the alleged infringing constructions. There

cannot be any invention in merely stating another advantage which necessarily was inherent in the prior art; *General Electric Co. v. Jewel Co.*, (1945) 326 U.S. 242, 249; *Dow Co. v. Halliburton Co.*, (1945) 324 U.S. 320, 325-26; *Research Corporation v. NASCO Industries, Inc.*, (C.A. 7, 1974) 501 F.2d 358, 360; cert. den. (1974) ..... U.S. ..... 95 S.Ct. 689, 43 L.W. 3359; *National Distillers & Chemical Corporation v. Brenner*, (C.A.D.C., 1967) 389 F.2d 927, 929.

The court of appeals considered dispositive evidence in the record. It held the claimed method to be merely an obvious combination of old elements. The holding was required by the undisputed evidence. The decision below did not deprive petitioner of any right of due process.

— II —

It is clear from the foregoing that this case does not come within the purview of Rule 19(b):

No principle, the settlement of which is of importance to the public, is involved; *Forsyth v. Hammond,* (1897) 166 U.S. 506, 513-14; *United States v. Rimer,* (1911) 220 U.S. 547-48; *Layne & Co. v. Western Well Works,* (1923) 261 U.S. 387, 393; *Magnum Co. v. Coty,* (1923) 262 U.S. 159, 163. The only question decided by the court below was whether the evidence compelled a holding that the patent in suit is invalid. What petitioner is really seeking is another review of that evidence; *Tyrrell v. District of Columbia,* (1917) 243 U.S. 1, 6; *Magnum Co. v. Coty, supra; United States v. Johnston,* (1923) 268 U.S. 220, 227.

There is no real conflict of opinion between decisions of the courts of appeals; *Layne & Co. v. Western Well Works, supra; Keller v. Adams-Campbell,* (1924) 264 U.S. 314, 319-20. The asserted conflicts are not actual but have been fashioned by petitioner out of judicial comments on legal questions, the resolution of which did not enter into the decisional process. That is plainly insufficient to create a conflict within the purview of Rule 19(b); *Tyrrell v. District of Columbia, supra; Rice v. Sioux City Cemetery,* (1955) 349 U.S. 70, 74.

CONCLUSION

The petition should be denied.

Respectfully submitted,

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